

**Foodarama Supermarkets
Cigarette Department Profitability
R. J. Reynolds Product Line**

**Example: Winston King Size Pricing combining retail selling price, display allowances, bonuses, and special program payments.
Example uses N. J. State retail pricing.**

<u>Category</u>	<u>Price</u>	<u>\$ Profit</u>	<u>% Profit</u>
Cost To Stores	\$18.58	-	-
Retail Price	\$ 21.08	\$ 2.50	13.5%
Disp. Programs	\$ 2.00/carton	\$ 4.50	24.2%
Other Programs	\$.15/carton	\$ 4.65	25.0%

Notes Of Explanation:

1. Cost from warehouse includes N. J. State Tax.
2. Retail selling profit is combined with per carton income from display programs (\$ 140,000 annually) and "other" programs such as prebook, and special temporary displays, etc. Retail sales of 240,000 cartons annually (RJR Product)
3. Retail price is calculated at 80% sold by the carton, and 20% sold by the weighted accordingly.
4. Profit and percentage amounts are graduated to show total profit from purchase to sale and to include display and other programs.